

# ASX ANNOUNCEMENT

25 February 2016



## RCF Bridge Facility repaid

- Shareholders approve \$12.5 million final tranche of capital raising
- Approval enables full repayment of outstanding balance drawn under US\$25.5 million Bridge Facility
- Repayment simplifies capital structure, significantly reduces outstanding debt and cuts annual interest payments by US\$2.5 million
- Share Purchase Plan cancelled

MZI Resources Ltd (ASX:MZI) is pleased to announce that it has fully repaid the US\$25.5 million Bridge Facility, after shareholders yesterday approved the final tranche of shares to be issued under its \$43 million capital raising (Placement)<sup>1</sup>.

At a general meeting in Perth, shareholders overwhelmingly approved the issue of Tranche 3 of the Placement, comprising 31.1 million shares at \$0.40 per share to major shareholder and facility provider Resource Capital Fund VI LP (RCF)<sup>2</sup> and raising \$12.5 million needed to repay the outstanding balance drawn under the Bridge Facility. Tranches 1 and 2 of the Placement were completed in October and November 2015 respectively, raising \$30.3 million for debt reduction and working capital purposes, and introducing a range of new shareholders to MZI.

Repayment of the Bridge Facility, which would otherwise have converted to an interest-bearing convertible note maturing in 2020, significantly simplifies MZI's capital structure and will reduce its annual interest obligations by approximately US\$2.5 million.

The approval and completion of Tranche 3, which increases RCF's current interest in MZI to approximately 40.9%, represents a strong vote of confidence in MZI and its newly commissioned Keysbrook Mineral Sands Project, 70km south of Perth in Western Australia.

MZI Managing Director Trevor Matthews said: *"Shareholders overwhelming approval of the final tranche of the Placement not only significantly improves MZI's balance sheet and capital structure, but also represents a very telling show of confidence in the Keysbrook Project's progress toward establishing itself as a globally significant producer of premium quality mineral sands products."*

*"With the improvement in MZI's balance sheet from the replacement of debt with equity now finalised, we can focus fully on further optimising operations at Keysbrook, and continuing to grow the international customer base for Keysbrook's unique suite of high quality products."*

<sup>1</sup> Refer ASX release dated 26 October 2015

<sup>2</sup> Refer ASX release dated 24 February 2016

In light of the lower MZI share price and the recent softening in market conditions for most mineral commodities and resources equities, the Company has decided not to proceed with the previously proposed Share Purchase Plan which was intended to enable existing shareholders to purchase shares on the same terms as participants in the Placement.

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